

15 FEB 1968

SOC. 4.01.1 Time Inc.

P-Raymont, Henry
SOC. 4.01.1 Newark News

P-Linen, James A.

P-Scudder, Richard B.

Time Inc. to Buy Newark News; Purchase May Lead to Others

By HENRY RAYMONT

Time Inc. is acquiring its first newspaper, The Newark Evening News.

The move, which had been expected for several weeks, was announced yesterday by James A. Linen, president of Time Inc., and by Richard B. Scudder and Edward W. Scudder Jr., publisher and president, respectively, of The News.

The acquisition will be made through an exchange of stock planned for completion by July and subject to a ruling by the Internal Revenue Service that the transaction will be tax-free. The deal would involve more than \$34-million.

Time Inc., the 46-year-old magazine and book publishing company that in recent years has expanded into a \$500-million communications empire, had been studying the possibility of entering the newspaper field for almost a year.

After having turned down the idea of starting an afternoon paper in New York following the closing last May of The World Journal Tribune, Time executives decided some months ago to begin negotiations with The Newark Evening News.

The News is New Jersey's biggest daily, with an average circulation of 280,000 on weekdays and 423,000 on Sunday. Its chief competitor is the morning Newark Star-Ledger, owned by S. I. Newhouse. The Star-Ledger has a weekday circulation of 250,000 and 405,000 on Sunday.

On Jan. 23 The News began publishing a daily New York

edition of about 15,000 copies. But officials of Time Inc. and the newspaper have insisted that the move was unrelated to the impending transaction.

In announcing the purchase agreement yesterday, Mr. Linen said all assets of The News would be acquired in exchange for 325,000 shares of Time Inc. common stock. He noted that since no cash payment was involved in the sale, it is expected to be nontaxable.

Under the agreement, The News would become a wholly owned subsidiary of Time Inc., which also publishes Time, Life, Fortune, Sports Illustrated and Time-Life Books. The Scudder family, which would continue its association with The News, would become a substantial stockholder in Time Inc., which has about 7.1-million shares of common stock outstanding.

The \$34-million price tag was based on the closing price yesterday of 89 3/4 a share — up 1 1/2% from Tuesday — for the Time Inc. common stock traded on the New York Stock Exchange. It also included a \$5-million mortgage that Time Inc. is assuming for a year-old \$12-million addition to The News's printing plant in Newark.

New Division Expected

Mr. Linen, the Time president, said plans for the management of the newspaper would be announced at the time of actual transfer of ownership. It was understood that Time Inc. intends to form a new division for its newspaper activities, possibly under the direction of Richard M. Clurman, chief of the Time-Life news service.

The deal was seen in publishing circles as opening the way for Time Inc. to compete with big newspaper corporations such as The Tribune Company of Chicago, The Los Angeles Times, the Newhouse group and The Washington Post Company, which also publishes Newsweek.

Edgar R. Baker, vice president in charge of Time's corporate development department, acknowledged last night that if the venture with The News might consider acquiring other newspapers, or even start new ones elsewhere.



TELLS OF ACQUISITION:
James A. Linen, president of Time, Inc., told yesterday of concern's acquiring The Newark Evening News.

Mr. Baker dismissed reports that the purchase of The Newark Evening News was motivated by Time's desire to enter the afternoon field in New York City.

He said it would be "far more sensible" for the paper to develop a wider circulation in Bergen County and other areas in New Jersey notable for their rapid population growth.

Both the Time management and sources close to the negotiations seemed to view the purchase agreement more in terms of its national implications.

Vincent J. Manno, a New York newspaper broker and consultant who played a key role in the negotiations, called the agreement "a milestone" in American newspaper history.

Recalling that for the last decade the trend in newspaper economics had been toward mergers or acquisitions by major newspaper groups, Mr. Manno said:

"This is the first time that a prestigious paper is being bought by a company which is sophisticated in the written word, but which is not itself in the newspaper publishing business. I am convinced this opens a vast new horizon to the newspaper field and to healthy diversification in the communications industry."

Other Purchases

Diversification has been a dominating theme for Time Inc. during the last five years. Last year it got a stake in the movie industry with the acquisition of 300,000 shares in M-G-M, Inc., and added classi-

cal records to its book mail-order business. On Jan. 16 it announced the purchase of Little, Brown & Co., the venerable Boston publishing house.

Time Inc. has also been expanding its international operations by buying minority interests in publishing houses in France, Germany, Italy and Mexico.

Because of these purchases, the company's net income is estimated by its executives to be down by about 20 per cent from the 1966 record of \$37.2-million.

In announcing the plan to buy The Newark Evening News, Mr. Linen linked Time's entrance into the newspaper field with its concern for the welfare of American cities, especially Newark, which was the scene last summer of violent racial rioting.

'Investing in Newark'

"We are exceedingly happy," Mr. Linen said in part, "to have the opportunity to enter the newspaper business with The Newark Evening News, a paper with a reputation for independent judgment and high journalistic achievement which has superbly served its community."

"We also feel very strongly that we are investing not just in a great newspaper, but in Newark itself — New Jersey's most populous city. It is an investment we consider most important and hopeful. In spite of recent problems of racial conflict and urban blight, we have been most impressed with the community's remarkable spirit and resiliency."